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File - Fischel

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12/28/54

Translation

According to information from a highly reliable source, the Binh Xuyen have planted numerous secret agents among the employees of the Usine Electrique de Choquan with the mission of committing acts of sabotage in case of necessity.

Each day, three Đại đội of Sûreté d'Assaut and one Tiểu Đoàn of the F.A.B.X. are placed in a state of readiness in their barracks, to occupy, at the first signal, the above-mentioned electric power facility and to sabotage it.

For his part, M. Lai Van Sang, Director General of the National Services of Police and Security of Viet-Nam, has been plotting with the Director of the Usine Electrique whose house is at No. 84 Rue Chasseloup Laubat in Saigon. M. Sang has been seen coming to this house very frequently of late. Each of his conversations (there) has lasted more than one hour.

During the evening of 15 Dec 54, he brought with him to this house a package (possibly a gift) for the wife of the Director.

12/30/54

Last evening, Dr. Phan Huy Quat held a meeting in his home at 179 rue Mayer. The meeting was attended by Bui Diem, Col. KIM of the General Staff, and several others. Topic discussed was ways and means of overthrowing the Ngo Dinh Diem government. Initial conclusion was that this government, being dependent upon foreign support, must be embarrassed in the eyes of the foreign powers, particularly the United States. The method of assuring this embarrassment which was agreed upon at said meeting was to stage incidents involving Northerners and Southerners, in which the Northerners would be the culpable parties. These incidents could be blamed upon the government (i.e. its inability to weld the people into one nation, and its "unrepresentative" character).

12/24/54

President Diem invited Ge. Le Van Vien to call upon him in the Palace last night. The General, leader of the BX, brought with him the contract which his group had concluded with the Buu Loc Government a year ago, providing for a monopolistic concession in the field of gambling for the Binh Xuyen. This concession expires on 15 Jan 55. Gen. Vien asked Diem to renew the contract. Diem refused. The General said he would be willing to accept a six-month or even a three-month renewal, but the President states that he refused to consider <u>any</u> renewal, and informed Vien unequivocally that the houses would have to close on 15 January. Vien then asked for 15 days grace period "to arrange things." Upon further questioning it turned out that Vien merely wanted to take advantage of the Tet period, which would fall one week subsequent to the set closing date. Vien reportedly told the President that he has nothing to do with prostitution or narcotics sale, and is in fact a pillar of social morality. However, he would appreciate it if his gambling concession could be renewed.

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Lai Van Sang, Director General of Police and Security for Viet-Nam, approached M. Ngo Dinh Nhu, brother of the President, and according to Nhu, offered him a substantial bribe in the guise of "financial help for the social welfare services" in which Nhu is actively interested, if Nhu would put pressure of his brother to renew the said concession. Nhu declined the offer.

The President is determined to close the gambling houses. He points out that the Vietminh has done this in the North and has gained considerable popular acclaim from the act. Organized gambling and other vice is repugnant to Diem's standards of morality and, he believes, to those of the vast majority of Vietnamese. Vietnamese with whom I have spoken since word first leaked that he was planning this step have been unanimous in praising it. Col. Banzon reports, furthermore, strong statements praising the President, by officers assigned to the National Army General Staff, for his stand in this connection.

12/31/54

After the Cabinet meeting yesterday afternoon, President Diem called in Generals Phuong (Cao Dai) and Soai (Hoa Hao) for a private conversation. He handed each of them a "bill of particulars" consisting of a list of "crimes" committed by their respective organizations (or members thereof). He stated that he would give them an opportunity to take care of the listed situations themselves. If, after a "reasonable period of time" they had not done so, he would be forced to take action himself. However, he wanted to give them an opportunity to "clean house" voluntarily and thereby avoid the unfavorable publicity which would surely result if the Government were forced to crack down on them. The two generals retorted: "Why pick on us? Why not hit the Binh Xuyen? They are the real criminals!" Diem replied: "If you have accusations to level against the BX, fine; bring them to me and I'll deal with them. Right now, however, I'm interested in the misdeeds of your followers." The President told me at this point that he had reminded the two generals that they had voiced strong opposition to his taking Dr. Quat into the Government; that he had not forgotten this; that they had had their way on that issue, and now they had better "shape up" (in effect" or expect to take the consequences. He added, to me, that he still thinks highly of Quat, regardless of the latest information concerning his activities (which he attributes to Quat's Dai Viet connections and background rather than to the man himself), and that when the opportunity offers itself, he still looks forward to bringing him into his Government.

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